

NOTICE

Inquiry on Country Water and Wastewater Pricing Final Report

The Treasurer, the Hon Eric Ripper MLA, today released the Economic Regulation Authority's final report on the inquiry into the pricing of country potable water and wastewater services provided by the Water Corporation.

The ERA has recommended a range of reforms to the way the Water Corporation charges its customers for water and wastewater services in country Western Australia.

Mr Lyndon Rowe, the Authority's Chairman, said the eight-month inquiry, which was conducted at the request of Mr Ripper, was the first of its kind and followed a similar review by the Authority into urban pricing. The inquiry was conducted with direct input from the public and interested parties.

The ERA examined the appropriateness, efficiency and effectiveness of the current approaches to country water and wastewater pricing, and the merits of potential alternative approaches.

"Overall, the Authority's recommendations strike an appropriate balance between the conflicting objectives of ensuring water is affordable while not encouraging over-consumption of an important resource," Mr Rowe said.

The 109-page report, with its 35 recommendations, was the result of a rigorous analytical study that involved extensive consultation, Mr Rowe said.

The proposed changes include:

- Lowering the threshold under the Uniform Pricing Policy by 50 kL per customer - to 300 kL in Group A towns and 500 kL in Group B towns. This ensures that households with average demand will pay no more than the uniform price.
- Setting residential water prices above the uniform pricing threshold in relation to the costs of providing the water service.
- Capping water charges in the most expensive towns.
- Limiting the Uniform Pricing Policy to country residential customers.
- Moving away from property-based wastewater charges for residential customers to flat charges (with caps) based either on the total cost of providing the service in the town, or the total cost less indirect overheads in each town.

The report has also recommended retaining the current groupings of A and B towns to reflect climatic conditions and the existing State-wide fixed charges for both residential and commercial water customers.

It also recommends that reforms that are currently being introduced for non-residential wastewater prices be largely completed before any moves towards introducing charges that are more cost-reflective.

Under the report's recommendations, 70 per cent of water used by residential customers would be sold at the uniform price.

The report recommended that all changes be phased in over seven years, to tie in with changes flowing from the urban pricing inquiry.

Also, Mandurah should be treated as part of the metropolitan area, and not a country town.

The Authority received 39 submissions to its draft report and held public forums in Mandurah, Geraldton, Kalgoorlie-Boulder, Albany and Northam, and a video conference with interested parties in Karratha, Port Hedland and Newman to discuss its findings.

The recommendations will inform the Government's decisions on the level and structure of country water and wastewater prices to apply from July 2007.

A copy of the final report is available from the Authority's website (www.era.wa.gov.au).

The Authority wishes to express its appreciation to all stakeholders who contributed during the conduct of the inquiry.

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21 July 2006